

September 12, 2012

**ITEM NO. C3**

**AUTHORIZATION TO 1) SUBMIT A MIXED-FINANCE PROPOSAL, EVIDENTIARY DOCUMENTS, AND DISPOSITION MODIFICATION TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD); 2) COMMIT CHA FUNDS FOR AN AMOUNT NOT TO EXCEED \$7,500,000 FOR THE OAKWOOD SHORES PHASE 2D REDEVELOPMENT; 3) EXECUTE A GROUND LEASE WITH THE COMMUNITY BUILDERS, INC. FOR THE MADDEN WELLS LAND COMPRISING THE PHASE 2D SITE; 4) EXECUTE THE REMEDIATION AGREEMENT FOR AN AMOUNT NOT TO EXCEED \$1,829,238 WITH OAKWOOD BOULEVARD ASSOCIATES LLC AND OAKWOOD SHORES PHASE 2D LIMITED PARTNERSHIP FOR ENVIRONMENTAL REMEDIATION ACTIVITIES AT THE OAKWOOD SHORES PHASE 2D RENTAL REDEVELOPMENT; 5) APPROVE TENANT SELECTION PLAN FOR OAKWOOD SHORES 2D RENTAL and 6) EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AND PERFORM SUCH ACTIONS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING.**

**To the Honorable Board of Commissioners:**

**RECOMMENDATION**

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to: 1) Submit a Mixed-Finance Proposal, Evidentiary documents, and Disposition Modification to the United States Department of Housing and Urban Development; 2) Commit CHA Funds for an amount not to exceed \$7,500,000 for the Oakwood Shores Phase 2D redevelopment; 3) Execute a ground lease with The Community Builders, Inc. for the Madden Wells land comprising the Phase 2D Site; 4) Execute the Remediation Agreement for an amount not to exceed \$1,829,238 with Oakwood Boulevard Associates LLC and Oakwood Shores Phase 2D Limited Partnership for environmental remediation activities at the Oakwood Shores Phase 2D rental redevelopment; and 5) Approve the Tenant Selection Plan for Oakwood Shores 2D Rental and 6) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The Acting Executive Vice President (EVP) of Development, the Office of the General Counsel and the Office of Procurement have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

**CORPORATE GOALS:** *Create more affordable housing opportunities, Develop vibrant communities, and Streamline CHA Operations*

**FUNDING:**

Not to Exceed \$7,500,000 CHA General Funds. FY2012 and FY2013 - Mixed Finance Proposal  
Not to Exceed \$1,829,238 of General and/or Other Funds. FY2012 and FY2013 - Environmental

## **M/W/DBE & SECTION 3 PARTICIPATION:** Compliance Affidavit on file

### **GENERAL BACKGROUND**

**Development Summary** - Oakwood Shores Phase 2D is the sixth rental phase of the revitalization of the Madden Park /Ida B. Wells/Clarence Darrow (Madden/Wells/Darrow) project. This Phase will consist of 66 newly constructed, mixed income units within six residential buildings on five separate sites. A community building, to be located on a sixth site at the corner of East 38<sup>th</sup> Place and Vincennes Boulevard, will also be a part of this Phase.

Oakwood Shores Phase 2D will consist of three different income tiers – with one-third each allocated for public housing, affordable, and unrestricted market rate residents, respectively. These units will complete the Madden/Wells/Darrow HOPE VI public housing unit delivery requirements. The Phase 2D bedroom and income mix will consist of the following:

| Unit Type    | PH –<br>ACC | Affordable | Market<br>Rate | TOTAL     |
|--------------|-------------|------------|----------------|-----------|
| 1 BR         | 4           | 1          | 1              | 6         |
| 2 BR         | 7           | 10         | 8              | 25        |
| 3 BR         | 11          | 11         | 13             | 35        |
| <b>TOTAL</b> | <b>22</b>   | <b>22</b>  | <b>22</b>      | <b>66</b> |

**Development Entities** - Oakwood Boulevard Associates, LLC, an Illinois limited liability company (OBA) is the developer for the Madden/Wells/Darrow comprehensive redevelopment. The OBA members are The Community Builders, Inc. (TCB), Granite OBA Madden Wells, LLC, and UJIMA, Inc.

**Financing** - The total development budget of this Phase will be approximately \$24,640,441 and includes a \$6,500,000 CHA Loan to be funded with CHA Capital funds (IL06R002502-11).

Additional project sources include \$535,427 of HOPE VI Demolition Grant funds (IL06URD002D401 previously used for demolition and \$407,700 of CHA Capital funds (IL06R002502-11) for the Gautreaux Development Manager, CHA administration costs, and CHA initial operating deficit reserve. CHA will commit a not-to-exceed total amount of \$7,500,000 for Oakwood Shores Phase 2D.

**Remediation Agreement** - The estimated remediation cost for the Oakwood Shores Phase 2D Rental site is \$914,619. CHA's contractual responsibility for remediating foreseen and unforeseen environmental conditions is capped at 200% of this estimated total cost and equals \$1,829,238. The required M/W/DBE participation commitment is 40% of the estimated remediation cost. Additionally, the contractor has made a commitment to hire one (1) Section 3 individual, likely as a laborer.

**Tenant Selection Plan** – This resolution requests approval of the form of tenant selection plan, lease, and lease riders to be used for Madden Park/Ida B. Wells/Darrow Homes replacement housing units at all current Oakwood Shores Phases, excluding 3750 At Oakwood Shores Senior building. It is understood that the developer has an interest and desire to implement its own lease forms and policy that encourages consistent community standards for the effective management of its development.

The authorization of approval of the form of tenant selection plan, lease, and lease riders to be used for the public housing replacement housing units at Oakwood Shores Phase 2D is required at this time to facilitate the development of these units.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The Acting Executive Vice President of Development concurs with the recommendation to 1) Submit a Mixed-Finance Proposal, Evidentiary documents, and Disposition Modification to the United States Department of Housing and Urban Development; 2) Commit CHA Funds for an amount not to exceed \$7,500,000 for the Oakwood Shores Phase 2D redevelopment; 3) Execute a Ground Lease with The Community Builders, Inc. for the Madden Wells land comprising the Phase 2D Site; 4) Execute the Remediation Agreement for an amount not to exceed \$1,829,238 with Oakwood Boulevard Associates LLC and Oakwood Shores Phase 2D Limited Partnership for environmental remediation activities at the Oakwood Shores Phase 2D rental redevelopment; and 5) Approve the Tenant Selection Plan for Oakwood Shores 2D Rental and 6) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The CEO/President recommends the approval to 1) Submit a Mixed-Finance Proposal, Evidentiary documents, and Disposition Modification to the United States Department of Housing and Urban Development; 2) Commit CHA Funds for an amount not to exceed \$7,500,000 for the Oakwood Shores Phase 2D redevelopment; 3) Execute a Ground Lease with The Community Builders, Inc. for the Madden Wells land comprising the Phase 2D Site; 4) Execute the Remediation Agreement for an amount not to exceed \$1,829,238 with Oakwood Boulevard Associates LLC and Oakwood Shores Phase 2D Limited Partnership for environmental remediation activities at the Oakwood Shores Phase 2D rental redevelopment; and 5) Approve the Tenant Selection Plan for Oakwood Shores 2D Rental and 6) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

**RESOLUTION NO. 2012-CHA-71**

**WHEREAS,** the Board of Commissioners has reviewed the Board Letter dated, September 12, 2012, entitled "AUTHORIZATION TO: 1) SUBMIT A MIXED-FINANCE PROPOSAL, EVIDENTIARY DOCUMENTS, AND DISPOSITION MODIFICATION TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD); 2) COMMIT CHA FUNDS FOR AN AMOUNT NOT TO EXCEED \$7,500,000 FOR THE OAKWOOD SHORES PHASE 2D REDEVELOPMENT; 3) EXECUTE A GROUND LEASE WITH THE COMMUNITY BUILDERS, INC. FOR THE MADDEN WELLS LAND COMPRISING THE PHASE 2D SITE; 4) EXECUTE THE REMEDIATION AGREEMENT FOR AN AMOUNT NOT TO EXCEED \$1,829,238 WITH OAKWOOD BOULEVARD ASSOCIATES LLC AND OAKWOOD SHORES PHASE 2D LIMITED PARTNERSHIP FOR ENVIRONMENTAL REMEDIATION ACTIVITIES AT THE OAKWOOD SHORES PHASE 2D RENTAL REDEVELOPMENT; 5) APPROVE TENANT SELECTION PLAN FOR OAKWOOD SHORES 2D RENTAL and 6) EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AND PERFORM SUCH ACTIONS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING.

**THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY**

**THAT,** the Board of Commissioners ("Board") authorizes the Chief Executive Officer or his designee to: 1) Submit a Mixed-Finance Proposal, Evidentiary documents, and Disposition Modification to the United States Department of Housing and Urban Development; 2) Commit CHA Funds for an amount not to exceed \$7,500,000 for the Oakwood Shores Phase 2D redevelopment; 3) Execute a Ground Lease with The Community Builders, Inc. for the Madden Wells land comprising the Phase 2D Site; 4) Execute the Remediation Agreement for an amount not to exceed \$1,829,238 with Oakwood Boulevard Associates LLC and Oakwood Shores Phase 2D Limited Partnership for environmental remediation activities at the Oakwood Shores Phase 2D rental redevelopment; and 5) Approve the Tenant Selection Plan for Oakwood Shores 2D Rental and 6) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

These awards are subject to each Contractor's compliance with the CHA's MBE/WBE/DBE, Section 3 resident hiring, and bonding and insurance requirements.

